

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

Unbundled Access to Network Elements

Review of the Section 251 Unbundling
Obligations of Incumbent Local Exchange
Carriers

WC Docket No. 04-313

CC Docket No. 01-338

DECLARATION OF CLAUDIA P. CUDDY

1. My name is Claudia Cuddy. I am the Vice President, Engineering and Planning, for Verizon's Network Services Group. I am responsible for domestic and international networks operated and used by Verizon long distance affiliates. I have twenty-five years of experience with Verizon or its predecessors in network engineering, network planning, SS7 implementation, local number portability, capacity management, and central office engineering.

2. The purpose of this declaration is to describe Verizon's experience in obtaining high-capacity facilities to serve customers in 28 areas outside of Verizon's traditional franchise serving territory. As discussed more fully below, in its effort to begin offering high-capacity services in these out-of-region areas, Verizon has learned that, in areas of highly concentrated demand, there is at least one (and frequently more than one) competitive provider that is readily able to provide facilities that would enable Verizon (or any other carrier) to provide high-capacity services to its customers.

3. I provide below a general overview of Verizon's efforts to obtain high-capacity access services in out-of-region areas (Section I). Next, I describe Verizon's findings regarding

the geographic coverage (Section II) and pricing (Section III) offered by competitive carriers in the relevant areas. Finally, I describe Verizon's decisions to make competitive carriers its primary access providers in the majority of the out-of-region areas that it entered (Section IV).

I. Overview of Verizon's Efforts To Obtain Access Services in Out-of-Region Areas

4. In the summer of 2003, Verizon made a business determination to expand its operations into 28 out-of-franchise areas.¹ Verizon decided to explore the facilities and rates that competitive carriers could offer for high-capacity local access circuits between customer locations and Verizon points of presence ("POPs") in these out-of-franchise areas. Accordingly, Verizon requested proposals from competitive carriers that offered access services in each of these areas.

5. Verizon's objective, in general, was to purchase entrance facilities (*i.e.*, a dedicated network infrastructure between the Verizon POP and a carrier's central office that is used to transport customer circuits to the POP, typically a diversely routed SONET OC-48 or OC-192 system configured with 1+1 Automatic Protection Switching or in a Unidirectional Path Switched Ring) from each of its POPs to a local carrier. In some, but not all, of the 28 areas that were evaluated, Verizon had already established POPs.

6. Carriers were asked to submit proposals based on two different assumptions. *First*, carriers were asked to assume that the circuits that they provided to Verizon would be transported over existing entrance facilities (whether those entrance facilities were provided by the carrier submitting the proposal or by another carrier), and the carrier was to cross-connect to

¹ The areas selected were Atlanta, Austin, Charlotte, Chicago, Cincinnati, Cleveland, Denver, Detroit, Fort Lauderdale, Hartford, Houston, Indianapolis, Kansas City, Miami, Orlando, Phoenix, Portland (Oregon), Raleigh-Durham, Rochester, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, Santa Ana, Santa Clara, St. Louis, and Stamford. Verizon also explored expanding its operations into Los Angeles, Dallas, and Seattle-Bellevue-Everett, which are areas outside of Verizon's traditional region of service. Verizon decided to provide services in these areas using its own facilities, as well as (in the case of Los Angeles and Dallas those of other providers.

this established entrance facility. *Second*, bidding carriers were asked to assume that they would build an entrance facility into the Verizon POP and would deliver the circuits to the POP over this new entrance facility. Under this scenario, the entrance facilities provided were to be OC-48 or OC-192 SONET Unidirectional Path Switched Ring systems with two diverse fiber routes from the carrier's central office into the Verizon POP.

7. In evaluating the proposals, Verizon considered four key selection criteria: (a) the geographic coverage offered by a given provider; (b) pricing; (c) the bidding carrier's ability to provide interconnection at the Verizon POP; and (d) the bidding carrier's ability to meet Verizon's operational and provisioning requirements. Verizon compared the capabilities of each competitive carrier that submitted bids with the capabilities offered by incumbent LECs in each of these out-of-franchise areas.

8. Verizon received proposals from at least 9 carriers, including AT&T, ICG, Level 3, Looking Glass Networks, MCI, NEON Communications, TelCove, Time Warner Telecom, and XO Communications, each of which submitted proposals to provide Verizon with services in one or more areas.² The number of carriers that provide access services in each of the 28 areas Verizon evaluated are identified in Table 1.

² Verizon entered into non-disclosure agreements with each of the carriers that submitted bids.

TABLE 1
Areas in Which Non-Incumbent Carriers Submitted
Proposals To Provide Verizon with Out-of-Region Access Services

City	Number of Proposals
Atlanta	8
Austin	5
Charlotte	5
Chicago	6
Cincinnati	5
Cleveland	4
Denver	6
Detroit	5
Fort Lauderdale	3
Hartford	2
Houston	8
Indianapolis	3
Kansas City	3
Miami	5
Orlando	4
Phoenix	5
Portland (OR)	4
Raleigh-Durham	4
Rochester	3
Sacramento	6
Salt Lake City	3
San Antonio	4
San Diego	6
San Francisco	7
Santa Ana	2
Santa Clara	5
St. Louis	4
Stamford	4

II. Competitive Carriers Provide Strong Coverage in All Areas Evaluated

9. In its request for proposals, Verizon provided a forecast of its anticipated future need for access lines in the designated areas. Carriers were asked to submit proposals that would provide Verizon with local access circuits in one or more of the targeted areas. These proposals were to include the geographical, technical, and operational characteristics of services ranging from DS-1 access circuits through OC-192 entrance facilities for various term commitments (typically 1, 2, 3, or 5 years).

10. With respect to geographical information, Verizon asked the bidding carriers for each out-of-franchise area (a) to identify all customer buildings on their networks (*i.e.*, “lit” buildings); (b) to identify the services available in each building; (c) to describe the building type (*i.e.*, whether it is a carrier hotel, an incumbent carrier’s central office, a supplier building, or a commercial building); (d) to describe the way in which the carrier managed capacity in the building, including the way in which it monitored fill-rate, the conditions under which the carrier would add capacity, and the length of time for adding such capacity; (e) to provide information regarding the bidding carrier’s policy for extending fiber into an off-network building, including the cost and timeframe for doing so; and (f) to acknowledge that the bidding carrier would periodically update information regarding the buildings to which it provided service.

11. In evaluating a bidding carrier’s geographic coverage, Verizon mapped the coverage that would be provided by that carrier, identifying the locations in which each supplier had fiber facilities into a building. It then evaluated the carrier’s facilities in light of the locations of Verizon’s actual and potential enterprise customers, Verizon Wireless switches, and other strategic interconnection points within each area. In conducting this analysis, Verizon’s goal was to identify the suppliers with the most extensive coverage in a given area with respect to these various types of facilities.

12. From the proposals that were submitted, Verizon was able to conclude that, for *all* of the locations that Verizon evaluated, there was at least one viable competitive provider capable of providing strong coverage in areas of highly concentrated demand (*e.g.*, downtown metropolitan areas, where there is high demand for telecommunications services such as carrier hotels, LEC central offices, large office buildings, and office parks). Moreover, in all of the locations that Verizon evaluated, at least one competitive carrier — and frequently more than

one competitive carrier — had *self-provisioned* high-capacity loop and transport facilities and provided coverage comparable to that offered by the incumbent local exchange carrier (“ILEC”).

13. The high-capacity services offered by these competitive carriers also met Verizon’s technical and operational requirements. In evaluating a bidding carrier’s technical capabilities, Verizon considered the carrier’s ability to connect with the Verizon POP at certain speeds, as well as its ability to support off-network optical services and the overall resiliency of its network. In assessing a bidding carrier’s operational capabilities, Verizon considered whether the carrier’s provisioning, billing, and customer support services complied with Verizon’s standards.

14. In the larger locations that Verizon evaluated (*e.g.*, locations in which aggregate estimated annual spending on telecommunications networks exceeds \$630 million annually³), it determined that at least two viable competitive carriers were capable of providing access services in areas of highly concentrated demand. For example, in Chicago, Verizon determined that two providers were each capable of providing access to more than 250 buildings, which would provide Verizon with solid coverage in the city’s areas of highly concentrated demand. A third carrier (serving more than 70 buildings) also provided significant coverage. Similarly, in Houston, Verizon determined that three carriers, serving between 100 and 200 buildings, offered strong coverage in the city.

15. Even in smaller locations, there were frequently two or more competitive carriers that provided strong coverage in areas of highly concentrated demand. For example, in Austin,

³ Verizon based these estimates using a methodology called Annual Estimated Network Communication Expenditure (“AENCE”). The AENCE methodology models end-user telecommunications expenditures, including all components of network communications (voice and data wireline and wireless, as well as long-distance communications) over both public and private networks. AENCE does not include sales or service revenue on CPE, data products or any other type of equipment sales, nor does it include consulting services, revenue derived from outsourcing, or most advanced IP telephony products.

Texas, two carriers (together serving more than 200 buildings) offered strong coverage.

Likewise, in Cleveland, four carriers (serving between 40 and 80 buildings) provided solid coverage in areas of highly concentrated demand.

16. The carriers that we selected varied from area to area. They had in common their ability to offer facilities to reach customers and provide high capacity coverage. They did this not only by relying on their own networks, but also by acting as aggregators of other carriers' facilities. In some cases, that may also include the ILEC special access service. Regardless of how they put together their coverage, however, they provided the facilities we needed.

III. Competitive Carriers Offer Competitive Pricing

17. With respect to pricing, Verizon's request for proposals specified that Verizon's objective was to develop a simplified pricing scheme in providing local access circuits to its customers. Accordingly, it asked carriers to supply a single pricing schedule applicable to all locations for which the carrier had submitted bids. Carriers provided different pricing schedules for on- and off-network locations; different schedules for different geographic areas; and/or tiered pricing schedules based on mileage or volume.

18. In evaluating pricing, Verizon compared the bidding carriers' prices for on- and off-network circuits. It also compared these prices against existing tariff rates offered by ILECs. In addition, Verizon developed a methodology that enabled it to estimate the rates for services it would need in each targeted location, which it used to analyze the competitiveness of each supplier's prices.

19. In *all* of the locations that Verizon evaluated, at least one (and frequently more than one) competitive provider offered access services at rates that were competitive with the tariffed and discount rates offered by incumbent carriers.

IV. In the Majority of Out-of-Region Areas, Verizon Selects Competitive Providers To Provide Access Services

20. After reviewing the proposals it received, Verizon selected a primary and, in some cases, a secondary competitive vendor in each location that either could supply all of the facilities necessary to meet Verizon's needs or was in a position to obtain the necessary facilities themselves from other providers.

21. In 19 of the 28 areas for which it has selected a primary access provider, Verizon selected a competitive carrier to be its primary access provider. And in 3 of the 6 areas in which it has also selected a secondary access provider, Verizon selected a competitive provider to be its secondary access providers.

22. The work that Verizon has performed supports the conclusion that facilities (unbundled or not) of an ILEC are not necessary to serve customers in areas of highly concentrated demand for high-capacity services. These conclusions are validated by Verizon's own decisions with respect to its entry into out-of-region areas: Rather than purchase access services from incumbent carriers, Verizon has chosen, in the majority of the out-of-region areas that it has decided to enter, to purchase access services from competing providers. Through these carriers, Verizon is providing hundreds of high capacity circuits, including almost 300 DS-1 circuits, in at least 26 out-of-region states.

23. This concludes my declaration.

I hereby certify under penalty of perjury that the foregoing is true to the best of my knowledge, information, and belief.

Executed on October 4, 2004.



Claudia Cuddy

**Before the
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Washington, DC 20554**

In the Matter of

Unbundled Access to Network Elements

Review of the Section 251 Unbundling
Obligations of Incumbent Local Exchange
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WC Docket No. 04-313

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DECLARATION OF MOHIT PATEL

1. My name is Mohit Patel. I am the Director, Wholesale Services Project Management for Verizon. I have worked for Verizon and its predecessor companies for 13 years, including positions as Outside Plant (OSP) Engineering Manager, OSP Construction and Cable Maintenance Manager, Collocation Program Manager and HiCap Provisioning Manager. My current responsibilities include Switched Access Project Management, SS7 Certification Project Management and Migrations Program Management.

2. The purpose of this declaration is to describe the nature of entrance facilities, how other carriers use entrance facilities to connect to Verizon's public telephone network, and the extent to which these carriers have either migrated off of Verizon's entrance facilities to their own or alternative network facilities over the course of the last year and half or have used Verizon's special access services to connect their networks to Verizon's network, all of which establish that other carriers do not need unbundled entrance facilities in order to compete.

I. Background

3. There are two primary methods another carrier may use to connect to Verizon's network – establishing an entrance facility or through collocation.

4. Most commonly, an entrance facility is a dedicated high capacity SONET fiber optic transport system that Verizon builds to another carrier, primarily Competitive Local Exchange Carriers ("CLEC") or an Interexchange Carrier ("IXC"). It consists of fiber optic strands that are connected through various fiber optic cables that run between a CLEC's or IXC's point-of-presence ("POP") and a specific Verizon central office. One end of the entrance facility is at the carrier's POP; the other "end" is at a Verizon central office. A SONET fiber optic multiplexer is located at each of these two "ends."

5. In this manner, entrance facilities are used to connect other carriers' POPs to Verizon central offices or wire centers so that these carriers can route traffic and connect their dedicated circuits to and from Verizon's public telephone network and aggregate and backhaul traffic to their POPs, by transporting them over the entrance facility.

II. Entrance Facilities Are Not Part of Verizon's Preexisting Network.

6. Entrance facilities are not part of Verizon's preexisting network. They must be constructed. Entrance facilities are dedicated facilities between Verizon and a single CLEC's or IXC's POP that are custom-designed, engineered, and constructed specifically for a CLEC or IXC based on the CLEC's or IXC's service needs. As discussed below, the CLECs or IXCs also can and do provide these facilities themselves.

7. To obtain entrance facilities from Verizon, a CLEC or IXC places an order for entrance facilities with Verizon. Based upon traffic forecasts from the CLEC or IXC and/or usage patterns as determined by Verizon's engineers, Verizon and the CLEC or IXC determine

the size or capacity of the entrance facility (OC-12, OC-48, OC-192), and Verizon then constructs the physical fiber link between the carrier's POP and the Verizon central office or wire center. The appropriate electronics – dedicated fiber optic multiplexers and associated distribution panels – are installed and terminated to this fiber link establishing the entrance facility. The facilities and equipment are owned by Verizon and are installed as a service to the customer for the purpose of connecting the CLEC's or IXC's POP to Verizon's network.

8. Once the physical fiber facilities are in place, the CLEC or IXC may order transport services, such as DS-1s, DS-3s, and OCns that are transported over the dedicated fiber optic system entrance facility, to allow the CLEC or IXC to deliver and receive telecommunications traffic. Verizon seeks to recover the cost for providing and maintaining the entrance facility through revenues generated from the service(s) provided to the CLEC or IXC over the entrance facility.

9. In addition, entrance facilities typically are not used by Verizon or by any other CLEC or IXC to provide service. Verizon does not use any of the equipment in a CLEC or IXC entrance facility to provide service to its own end users.

III. Carriers Are Using Alternative Facilities to Connect To Verizon's Network.

10. As noted above other carriers are able to and do connect to Verizon's network by collocating their own equipment in a Verizon central office or wire center and provisioning their own or obtaining from alternative providers transport facilities needed to transport telecommunications traffic from their collocation arrangement to their POP.

11. Collocation allows CLECs and IXCs to connect to Verizon's network by installing fiber from their collocation point with Verizon to their own switch in their POP location using essentially the same electronic equipment as Verizon uses to establish an entrance

facility. The CLEC or IXC has control over what type of equipment to order as well as the freedom to negotiate prices with the equipment vendors.

12. The ease and convenience with which CLECs and IXCs can use collocation to connect with Verizon's network instead of using Verizon-constructed entrance facilities is reflected by recent trends in CLEC and IXC service requests.

13. The increase in CLEC and IXC collocation has resulted in situations in which entrance facilities are carrying less than 50 percent of the traffic they are capable of carrying. Since the cost of the entrance facilities (borne by Verizon) are recovered from the traffic carried over these facilities, Verizon is in some cases falling short of the revenue needed to recoup its expenses.

14. In addition, Verizon data for 2003 shows that, in addition to opting to use their own facilities as a means to establish *new* interconnection facilities, carriers are increasingly moving off of *existing* entrance facility arrangements to collocation facilities located in central offices and wire centers deeper into Verizon's network. This allows the carrier to reduce (or eliminate) the transport previously obtained from Verizon back to their POP.

15. From the beginning of 2003 through the first half of 2004, Verizon processed orders to move more than 32,782 carrier circuits (including subtending circuits) in the Verizon East territory from the POP to collocation arrangements carriers had established in central offices and wire centers deeper into Verizon's network.

16. Even where carriers are continuing to use entrance facilities to connect to and deliver traffic to their POPs, they purchase transport facilities (DS-1s, DS-3s, and OCns) primarily through Verizon's special access services, not as UNEs. Of the high-capacity entrance-facility circuits that carriers purchased from Verizon in service as of March 2004,

approximately 97 percent were purchased as special access, while only 3 percent were purchased as UNEs. *See* Declaration of Judy K. Verses, Ronald H. Lataille, Marion C. Jordan, and Lynelle J. Reney ¶ 56 & Exhibit 13 (Attachment B to Verizon's Comments).

17. These figures further illustrate that CLECs and IXC's are moving away from using entrance facilities and are competing with Verizon by using their own transport to bring traffic to their collocation point in Verizon's central offices and wire centers. Alternatively, even where carriers choose to use entrance facilities, they use predominately special access services, not UNEs, and are competing successfully doing so.

18. This concludes my declaration.

I hereby certify under penalty of perjury that the foregoing is true to the best of my knowledge, information, and belief.

Executed on October 4, 2004.



Mohit Patel

**Before the
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In the Matter of)	
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Unbundled Access to Network Elements)	WC Docket No. 04-313
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Review of the Section 251 Unbundling)	CC Docket No. 01-338
Obligations of Incumbent Local Exchange)	
Carriers)	

**Declaration of William E. Taylor
Regarding Special Access Pricing
On Behalf of Verizon**

October 4, 2004

**DECLARATION OF WILLIAM E. TAYLOR
REGARDING SPECIAL ACCESS PRICING
ON BEHALF OF VERIZON**

SUMMARY

1. I have been asked to update data presented to the Commission in December 2002 regarding RBOC and Verizon special access revenue per line in the periods before and after limited pricing flexibility was made available to RBOCs in certain areas. Using the most recent ARMIS data, special access prices as measured by special access revenue per line have decreased rapidly over the 1996-2003 period. In addition, special access prices have fallen substantially more rapidly in the recent years (2001-2003) that correspond to the period in which pricing flexibility has been available than in previous years (1996-2000).
2. These data are thus inconsistent with the claim that pricing flexibility has led to price increases for special access services. More importantly, the data support the FCC's view that competitive market forces are sufficient to constrain ILEC special access pricing behavior and have generally forced RBOC prices downward in the aggregate towards cost.

I. Introduction and Background

3. My name is William E. Taylor. I am Senior Vice President of National Economic Research Associates, Inc., head of its Communications Practice, and head of its Cambridge office located at One Main Street, Cambridge, Massachusetts 02142.
4. I have been an economist for over thirty years. I earned a Bachelor of Arts degree from Harvard College in 1968, a Master of Arts degree in Statistics from the University of California at Berkeley in 1970, and a Ph.D. from Berkeley in 1974, specializing in Industrial Organization and Econometrics. For the past twenty-five years, I have taught and published research in the areas of microeconomics, theoretical and applied

DECLARATION OF WILLIAM E. TAYLOR
REGARDING SPECIAL ACCESS PRICING

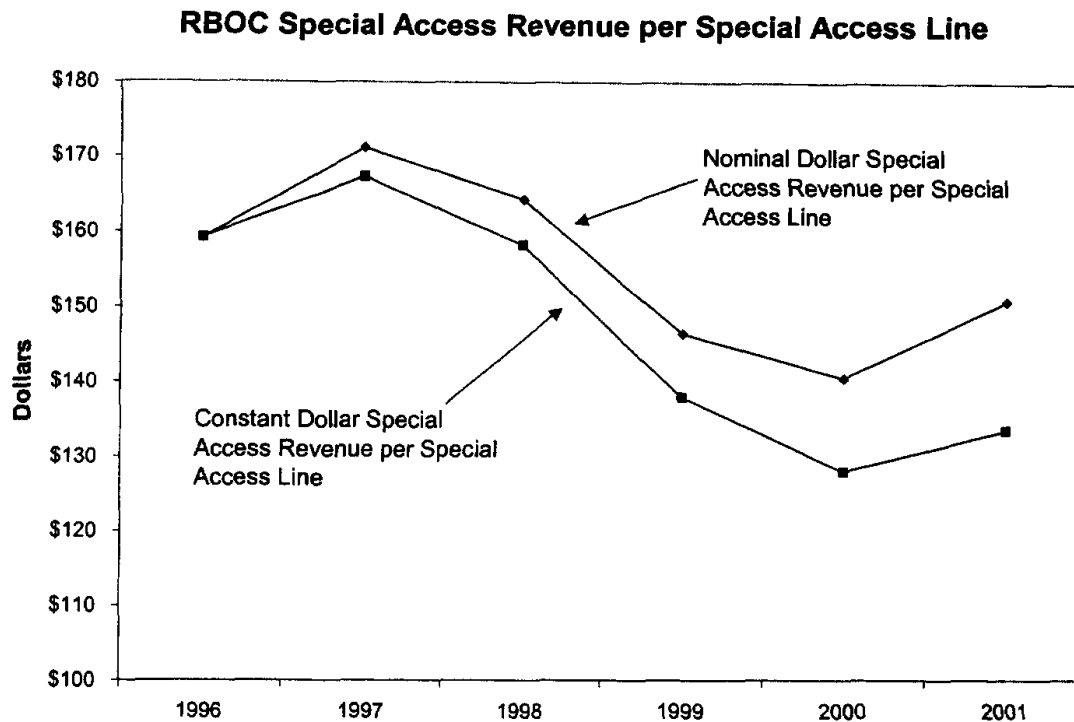
econometrics and telecommunications policy at academic and research institutions including the Economics Departments of Cornell University, the Catholic University of Louvain in Belgium, and the Massachusetts Institute of Technology. I have also conducted research at Bell Laboratories and Bell Communications Research, Inc. I have appeared before state and federal legislatures, testified in state and federal courts, and participated in telecommunications regulatory proceedings before state public utility commissions, as well as the Canadian Radio-television Telecommunications Commission, the Mexican Federal Telecommunications Commission and the New Zealand Commerce Commission.

5. Almost two years ago, A.E. Kahn and I filed with the Commission a joint Declaration concerning an AT&T petition to retract pricing flexibility for RBOC special access services.¹ Among the data we provided was a chart (shown below) of RBOC special access “prices”—actually ARMIS Special Access Revenue per voice grade equivalent circuit—for the 1996-2001 period. From these data, we concluded that

the *growth* in special access lines fully explains the growth in revenue and that the RBOCs’ average revenue per line between 1996 and 2001 decreased by more than 1 percent per year in nominal terms and by more than 3 percent per year in constant dollars. [Footnote: Even these decreases are somewhat understated insofar as special access revenue includes DSL revenue but special access lines do not include DSL lines.]

¹ Declaration of Alfred E. Kahn and William E. Taylor on Behalf of BellSouth Corporation, Qwest Corporation, SBC Communications, Inc., and Verizon, In the Matter of AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, (RM No. 10593, December 2, 2002).

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REGARDING SPECIAL ACCESS PRICING



Thus, the pricing flexibility exercised by some RBOCs during 2001 had no noticeable effect on their special access revenues per line, and AT&T's dire complaints of massive price increases likewise appear to be belied by the data.²

6. The issue of RBOC special access pricing during the period of pricing flexibility has arisen again,³ and I have been asked by Verizon to update these estimates to give a picture of the effect of pricing flexibility and other market changes on the pricing of special access circuits. This update is particularly relevant because pricing flexibility had only just begun at the end of the data shown above,⁴ and thus little information was available to Dr. Kahn and me regarding the effect of the FCC's grant of pricing flexibility on special access prices.

² Kahn-Taylor Declaration at 15-16.

³ See, Ad Hoc Telecommunications Users Committee, "Competition in Access Markets: Reality or Illusion. A Proposal for Regulating Markets," August 2004.

⁴ The first grants of pricing flexibility for special access services in some areas took place for BellSouth on December 15, 2000 and for Verizon and SBC on March 14, 2001.

DECLARATION OF WILLIAM E. TAYLOR
REGARDING SPECIAL ACCESS PRICING

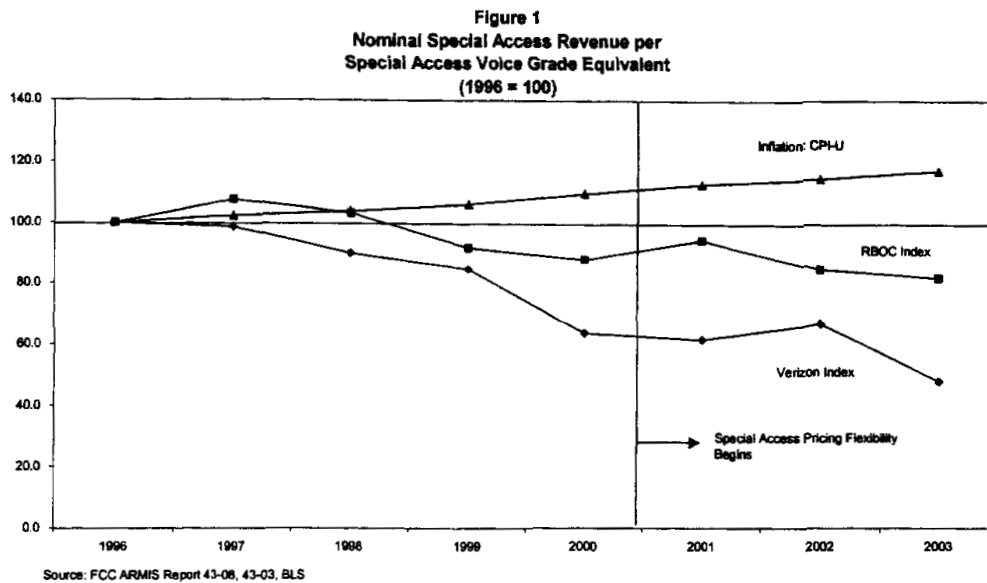
II. RBOC Special Access Pricing

7. Following the calculations and data sources in the Kahn-Taylor Declaration, I took data from the ARMIS Reports as of September 17, 2004. Volumes of analog and digital special access lines, measured in voice-grade equivalents were taken from ARMIS Report 43-08, row 910. Special Access revenue was taken from ARMIS Report 4303, row 5083. I calculated average revenue per special access line for Verizon and for the RBOCs as a whole both in nominal terms and in real terms, using the Bureau of Labor Statistics Urban CPI as the deflator.

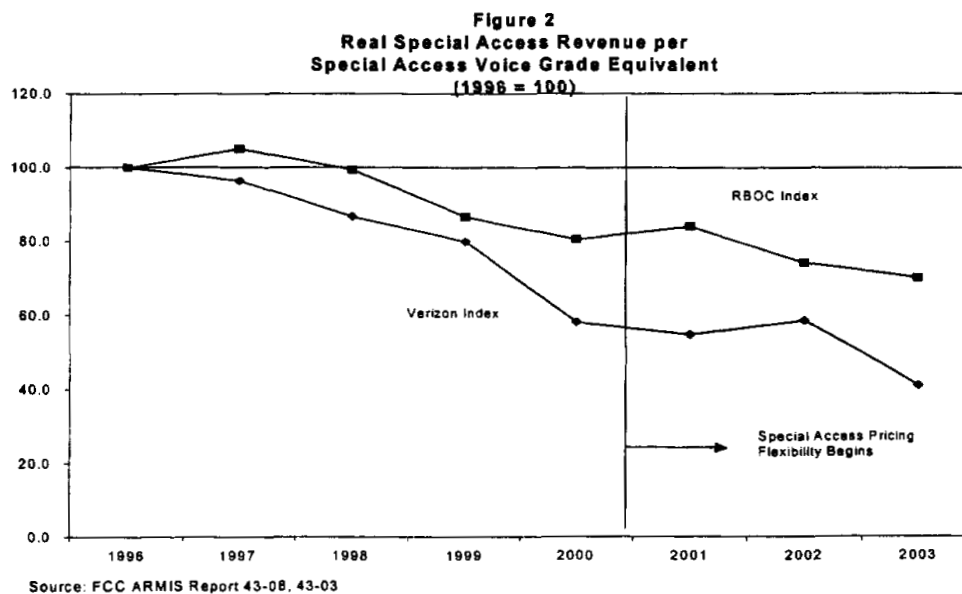
8. Note, as Professor Kahn and I observed in 2002, that ARMIS special access revenue includes DSL revenues, but the ARMIS special access lines do not include DSL lines, which are the high-frequency components of ordinary switched access lines. Moreover, DSL revenues have been growing rapidly, both in absolute terms and relative to special access revenues. Thus, the average revenue per special access line I calculate here *overstates* both the level and growth of special access prices, as measured by average special access revenue per special access line.

9. Indexed to 1996=100, nominal special access prices for Verizon and the aggregate of the RBOCs are shown below for the 1996-2003 period in Figure 1 followed by the same information measured in real terms in Figure 2. In Figure 1, I include the Bureau of Labor Statistics' Consumer Price Index as a measure of inflation. The fact that the CPI-U increased during the period means that special access prices were falling during a period when consumer prices, on average, were rising.

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10. Figure 2 takes inflation into account, showing (real) average special access revenue per special access line measured relative to inflation in constant 1996 dollars.



11. These data show that the first conclusion from our December 2002 paper is still valid: special access revenue per line is decreasing steadily. However, our second conclusion changes with the acquisition of additional data after pricing flexibility. Rather than “no noticeable effect” (based on one year of data), the onset of special access pricing flexibility, together with increasing competition in the market, has led to a faster decline

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REGARDING SPECIAL ACCESS PRICING

in average revenue per special access line during the pricing flexibility period than before. Table 1 below compares annual growth rates for Verizon and the aggregate of the RBOCs for the 1996-2003 period, divided into the pre-pricing flexibility period (1996-2000) and post-pricing flexibility period (2001-2003).

Table 1 Special Access Revenue per Line			
Period		Nominal Annual Growth	Real Annual Growth
All Data 1996 – 2003	RBOC	-2.8%	-5.0%
	Verizon	-9.9%	-12.0%
Before Pricing Flexibility 1996-2000	RBOC	-3.1%	-5.3%
	Verizon	-10.7%	-12.7%
During Pricing Flexibility 2001-2003	RBOC	-7.0%	-8.7%
	Verizon	-11.7%	-13.4%

III. Conclusions

12. Both RBOC and Verizon special access revenue per line have continued to decline in nominal and real terms and at a faster rate during the period in which limited pricing flexibility has been available to these companies in certain areas. These data are clearly inconsistent with the claims that pricing flexibility has led to price increases for special access services. On the contrary, they support the FCC's view that market forces in special access markets that meet its trigger conditions are sufficient to constrain RBOC pricing and drive special access prices towards cost.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on October 1, 2004

A handwritten signature in black ink, appearing to read "William E. Taylor", written over a horizontal line.

Dr. William Taylor
NERA

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Washington, DC 20554

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OFFICE OF THE SECRETARY

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ATTACHMENTS TO VERIZON COMMENTS

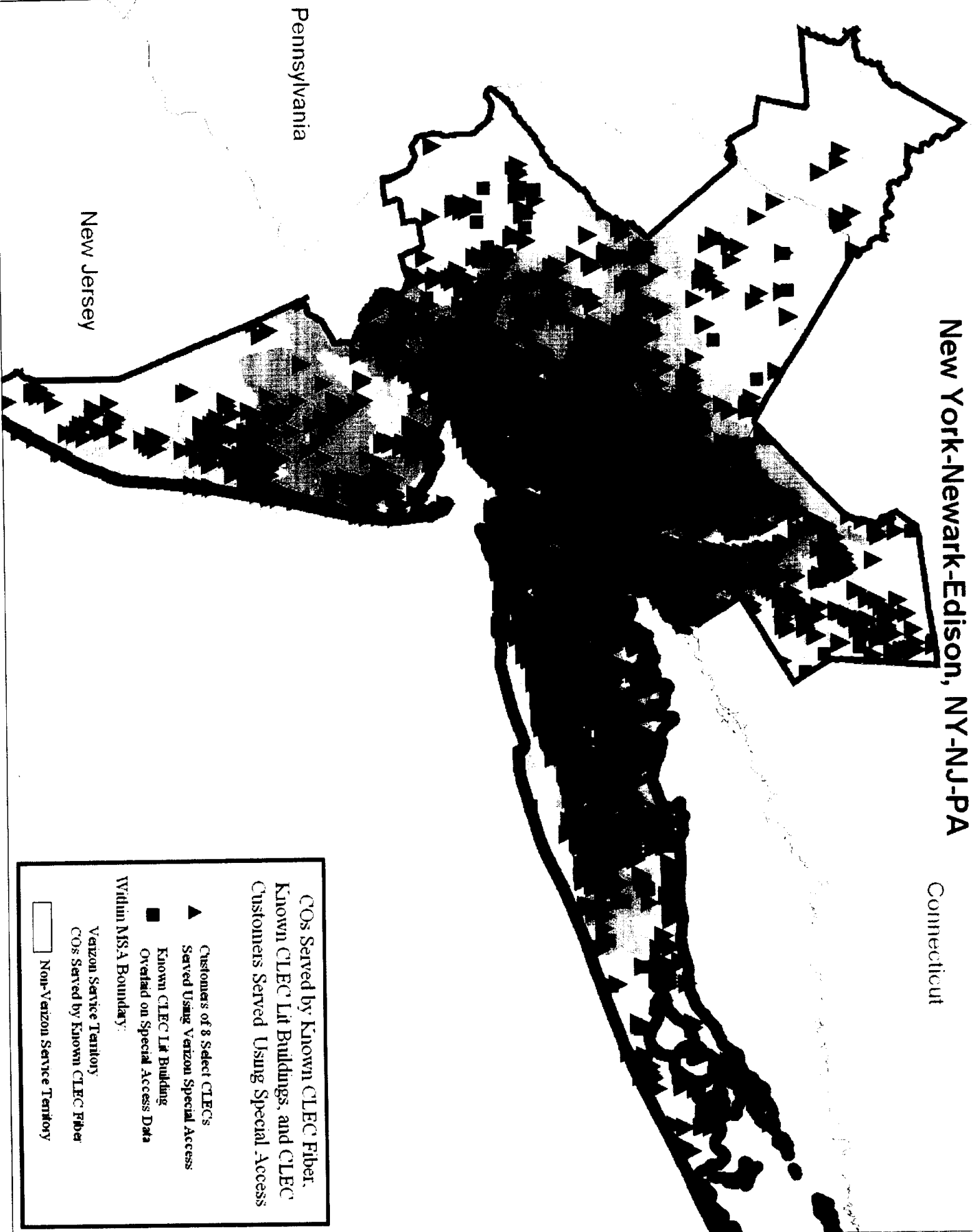
VOLUME 2

HIGH-CAPACITY FACILITIES AND SERVICES

Tab H: Maps

New York-Newark-Edison, NY-NJ-PA

Connecticut



New Jersey

Pennsylvania

COs Served by Known CLEC Fiber,
Known CLEC Lit Buildings, and CLEC
Customers Served Using Special Access

Within MSA Boundary:

- ▲ Customers of 8 Select CLECs
Served Using Verizon Special Access
- Known CLEC Lit Building
Overlaid on Special Access Data

Verizon Service Territory

COs Served by Known CLEC Fiber

Non-Verizon Service Territory